

**Memorandum to the File  
Case Closure**

Alleged Prohibited Personnel Practices and Conflict of Interest  
VBA Regional Office and Insurance Center, Philadelphia, PA  
(2011-00211-IQ-0018)

The VA Office of Inspector General Administrative Investigations Division investigated allegations that [REDACTED] Veterans Benefits Administration (VBA), Philadelphia Regional Office and Insurance Center, engaged in prohibited personnel practices and a conflict of interest when he allegedly bypassed qualified applicants with veteran's preference to fill 65 veterans service representative (VSR) positions in an arrangement with [REDACTED] to secure a contract for services with [REDACTED] to benefit him upon his retirement. To assess these allegations, we interviewed [REDACTED] various VBA staff, and PIC employees. We reviewed relevant documents, personnel files, emails, Federal regulations, and VA policy. We substantiated other allegations during this investigation, and they will be discussed in a separate report.

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Federal law states that any employee who has authority to take, direct others to take, recommend, or approve any personnel action, shall not, with respect to such authority, grant any preference or advantage not authorized by law, rule, or regulation to any employee or applicant for employment for the purpose of improving or injuring the prospects of any particular person for employment. This includes knowingly taking, recommending, or approving any personnel action if the taking of such action would violate a veteran's preference requirement or knowingly failing to take, recommending, or approving any personnel action if the failure to take such action would violate a veteran's preference requirement. 5 USC § 2302 (b) (6) (11).

The Standards of Ethical Conduct for Employees of the Executive Branch indicate an employee is prohibited by criminal statute, 18 USC § 208(a) from participating personally and substantially in an official capacity in any particular matter in which, to his knowledge, he or any person whose interests are imputed to him under this statute has a financial interest, if the particular matter will have a direct and predictable effect on that interest. 5 CFR § 2635.402. It further states that an employee shall not use his public office for his own private gain. 5 CFR § 2635.702.

[REDACTED] and [REDACTED] and [REDACTED] both with [REDACTED] told us that their relationship with [REDACTED] was purely professional. They said that they typically had contact with him yearly at annual meetings. [REDACTED] said that she had more frequent contact with him in the past year, due to concerns that arose from a contract between VA and [REDACTED] that was in place since 1965. [REDACTED] and [REDACTED] both said that they were not aware of any Philadelphia Regional Office senior official, to include [REDACTED] seeking post-VA [REDACTED] employment; they were unaware of any [REDACTED] official having

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influence on the 2009 mass VSR hiring effort; and, to their knowledge, none of the applicants were related to [REDACTED] staff.

[REDACTED] Philadelphia Regional Office (PRO), told us that [REDACTED] would likely be aware that they were recruiting VSRs; however, she said that he was not involved with hiring processes, unless it was for appointing supervisors. She said that [REDACTED] had no influence in this hiring initiative and no involvement in the hiring of VA staff. She also said that she was the selecting official and that the ultimate responsibility for the hiring effort in question was with her. Further, she said that she was aware of any VSR applicant being related to [REDACTED]

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[REDACTED] and [REDACTED] Human Resources Specialist, told us that [REDACTED] was never involved with this hiring process and they both said that they were not aware of any relationship between any of the hired individuals and [REDACTED]. They further said that [REDACTED] had no influence whatsoever with this VA hiring effort.

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[REDACTED] told us that [REDACTED] had no direct involvement with the personnel actions of these VSRs. He said that [REDACTED] was aware when and how many they recruited but that he delegated that responsibility down to the division chief. He further said that [REDACTED] did not have any role in this hiring effort and that he was not aware of any individual hired having any relationship to [REDACTED]. [REDACTED] Human Resources Specialist, said that [REDACTED] might be involved in securing approval to fill VSR positions. She further said that she did not generally deal with him when it came to recruitment, dealing instead with department manager. Furthermore, the certificate of eligibles reflected that [REDACTED] was neither the selecting nor the approving official for this hiring effort. They both said that [REDACTED] had no influence on this hiring initiative.

[REDACTED] told us that he was not involved in the selection of these VSRs. He said that his role was more of a manager saying that the hiring was necessary and to start the recruitment process, based on the advice from the division chiefs, personnel officer, and the assistant director responsible for that particular area. He said that he did not select or recommend any applicants and that none of the appointed applicants were related to him. He further said that there was no evidence that any of the appointed applicants were related to any of the hiring or selecting officials. [REDACTED] told us that this hiring effort was done all in accordance with law and regulation.

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[REDACTED] said that he was the [REDACTED]. He further said that in 1965, VA selected [REDACTED] as the carrier for the [REDACTED]. He said that he was responsible for overseeing [REDACTED] and for the life insurance program and that he and [REDACTED] had a close working relationship that dealt with a \$1.3 trillion life insurance program. [REDACTED] told us that [REDACTED] did not try to influence him during the VSR hiring initiative and that he doubted [REDACTED] was aware of it. [REDACTED] said that he was unaware of any VA employee that ever went

to work for [redacted] and that he was unaware of any [redacted] employee, or relative of a [redacted] employee, that went to work for VA.

[redacted] told us that he generally went out to dinner with [redacted] staff, to include [redacted] and [redacted] once a year on the night before their annual service members' group advisory council meeting in Washington, DC, and that each paid for their own dinner. He said that this interaction did not create even the appearance of a conflict of interest; he always maintained an arms-length relationship; and his interactions were always professional in nature. [redacted] told us that [redacted] had certain obligations to VA, such as quarterly executive, management, and operation meetings and that [redacted] also participated in the annual advisory council meeting. She said that [redacted] employees were not allowed to entertain Government officials; they had dinner together the night before the advisory council meeting; but all parties paid their own bills. She also said that any discussions held were generally about the program or about the following day's meeting and everybody's role.

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[redacted] told us that he had no financial interest in [redacted]. He said that he was "toying" with retiring this calendar year; he was 65 years old; he did not know how many good years he had left; and he did not anticipate going to the private sector. [redacted] told us that [redacted] set a very high ethical standard and fostered these standards in meeting the organization's vision, mission, and goals. [redacted] said [redacted]'s ethical standards were beyond reproach. [redacted] said that [redacted] ran a tight ship, and [redacted] said that he set a high standard for his employees and an even higher standard for his managers to follow. [redacted] and [redacted] both told us that [redacted] had over 40 years of Federal service and they believed his future plans would be to retire.

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### Conclusion

We did not substantiate the allegation that [redacted] engaged in prohibited personnel practices and a conflict of interest when he bypassed qualified applicants with veteran's preference to fill 65 VSR positions in an arrangement with [redacted] to benefit him upon his retirement. Records and testimony reflected that [redacted] was not involved in this hiring effort. Further, [redacted] and [redacted] the [redacted] employees with whom [redacted] mostly interacted, told us that [redacted] did not inquire about post-VA employment with [redacted] nor was [redacted] involved in the VSR hiring effort in question. They further said that their interactions with [redacted] were purely professional. We are therefore closing these allegations without a formal report or memorandum.

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Prepared By [redacted]

May 23, 2011  
Date

Approved By [redacted]

5/23/11  
Date